

A nonprofit organization was formed to operate and maintain a school to teach the art of dancing, particularly contemporary dancing. The school maintains a regular faculty and curriculum and has a regular enrolled body of students. No part of the organization's net earnings inures to the benefit of any individual. Held, the organization qualifies for exemption from Federal income tax as an educational organization under section 501(c)(3) of the Internal Revenue Code of 1954.

Advice has been requested whether a dancing school organized and operated in the manner described herein may qualify for exemption from Federal income tax as an educational organization under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was incorporated as a nonprofit educational, literary, scientific, and charitable organization. Its purposes are to teach the art of the dance, particularly contemporary dance, and its associated arts, and to commission the composition, performance and demonstration of dances, ballets, dramas, music, and other artistic forms of expression. These purposes are to be achieved through and in conjunction with the operation of a school maintaining a regular faculty and curriculum and having a regularly enrolled body of students in attendance where its educational activities are regularly carried on. No part of its net income is to inure to the benefit of any individual. In the event of dissolution, any assets remaining after payment of all claims against the organization are to be distributed to an educational, literary, scientific, or charitable organization described in section 501(c)(3) of the Code.

The organization's activities consist of operating a dancing school attended by professional and nonprofessional students. The school offers a comprehensive daily curriculum in the technique of dance, dance composition, the art of performance, music for the dancer, and the crafts of the theatre. The organization's income is mainly from tuition and contributions. Its expenditures are for salaries of the faculty and office employees, and expenses for operation of the school including building rental, office supplies, advertising, accounting, and miscellaneous operating expenses.

Section 501(c)(3) of the Code describes certain organizations exempt from taxation under section 501(a) of the Code and reads as follows:

Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private

shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

Cultural organizations devoted to the promotion of the arts may qualify for exemption as being educational or charitable in character. See Revenue Ruling 65-271, below. The teaching of the dance by a nonprofit organization as described herein clearly constitutes promotion of the arts and is educational within the intendment of section 501(c)(3) of the Code. See section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations and Example (1) thereof.

It is held, therefore, that the organization is exempt from Federal income tax under section 501(c)(3) of the Code as an educational organization.

An organization which considers itself to be within the scope of this Revenue Ruling must, in order to establish exemption under section 501(c)(3) of the Code file an application on Form 1023, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.